<u>REMARKS</u>

Applicants request favorable reconsideration and allowance of this application in view of the foregoing amendments and the following remarks.

Claims 30-34 are pending in the present application. Claims 30, 32, and 34 are the independent claims. Claims 1-5, 7-13, 28, and 29 have been cancelled without prejudice.

Claims 30-34 have been added. Applicants submit that support for these amendments can be found in the original disclosure, and therefore no new matter has been added.

Claims 1, 12-13, and 28-29 stand rejected under 35 U.S.C. §112, second paragraph, as being indefinite for failing to particularly point and distinctly claims the subject matter which applicant regards as the invention. Applicants submit that this rejection is most in view of the cancellation of those claims.

Claims 1 and 28-29 were rejected under 35 U.S.C. §103(a) as being unpatentable over U.S. Patent No. 6,334,187 (Kadano) in view U.S. No. 6,449,377 (Rhoads), and further in view of U.S. Patent No. 5,875,249 (Mintzer et al.). Claims 12 and 13 were rejected under 35 U.S.C. §103(a) as being unpatentable over U.S. Patent No. 6,334,187 (Kadano) in view U.S. No. 6,449,377 (Rhoads), and further in view of U.S. Patent No. 5,875,249 (Mintzer et al.), and further in view of U.S. Patent No. 5,825,892 (Braudaway et al.). Applicants respectfully traverse these rejections and submit that the cited art, whether considered individually or in combination, fails to disclose or suggest features recited in new Claims 30-34.

As recited in independent Claim 30, the present invention includes, *inter alia*, the features of detecting whether or not input digital contents have been altered on the basis of a result obtained by performing a predetermined operation process on at least a part of

the digital contents, and embedding a digital watermark into the digital contents when it is detected that the digital contents have been altered. With these features, it is possible to alter the digital contents for which alteration has been detected, whereby the copyright in the digital contents can be protected more strongly.

Applicants submit that the cited art fails to disclose or suggest at least these features of Claim 30. Barton discloses detection of whether input data has been altered. However, that patent does not disclose or suggest any processing to be performed after detection of the alteration. On the other hand, Rhoads discloses that tracer data can be embedded when it is recognized that scanned data indicates a banknote. However, Rhoads merely discloses inserting the tracer data when data is determined to correspond to a particular image, not when it is determined that the data has been altered.

There is no motivation or suggestion that would lead one skilled in the art to combine Rhoads and Barton in a manner that would meet the limitations of Claim 34. If combined, the resulting device would simply have both features: (i) detection of whether input data has been altered, and (ii) detection of whether input data corresponds to an image such as a banknote and insertion of tracer data into the data. There is nothing to suggest to one skilled in the art the features of determining whether digital contents have been altered and the embedding a digital watermark into the digital contents.

For the foregoing reasons, Applicants submit that Claim 30 is patentable over the cited art. Independent Claims 32 and 34 recite similar features and are believed patentable for similar reasons. The dependent claims are patentable for at least the same reasons as the independent claims, as well as for the additional features they recite.

For the foregoing reasons, Applicants submit that this application is in condition for allowance. Favorable reconsideration, withdrawal of the rejection set forth in the above-mentioned Office Action, and an early Notice of Allowance are requested.

Applicants' undersigned attorney may be reached in our Washington, D.C. office by telephone at (202) 530-1010. All correspondence should be directed to our below-listed address.

Respectfully submitted,

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